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**FISCAL IMPACT STATEMENT**

**LS 6039**

**BILL NUMBER:** HB 1118

**NOTE PREPARED:** Nov 12, 2010

**BILL AMENDED:**

**SUBJECT:** K-12 School Building Plans.

**FIRST AUTHOR:** Rep. Pond

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires a school corporation to use standardized plans and specifications for construction, alteration, and repair of school buildings, athletic facilities, and other facilities.

The bill permits a school corporation to appeal to the State Board of Education for approval to use other plans and specifications. It provides that the State Board may approve the plans and specifications proposed by a school corporation if the board finds that using the proposed plans will be as efficient and cost-effective as using the standards.

**Effective Date:** January 1, 2012.

**Explanation of State Expenditures:** The initial development of the variety of standardized plans is probably more than current Department of Education staff can accomplish. The plans must be developed for different sizes and types of schools. For the first year, DOE will probably need to contract with architects, engineers, or other professionals to assist in the development of standardized plans.

The bill would change the current guidelines to standards and also require the standards to include:

1. Specification for materials and labor, and
2. A plan that is ready to be bid for construction.

The cost would depend on the number of plans developed by DOE and by outside consultants, but DOE costs could range from \$2 M to \$3 M in the first year.

**Background:** The State Board of Education is currently required to set nonbinding guidelines for the selection of school sites and the construction, alteration, and repair of school buildings. The nonbinding guidelines include:

1. Preferred location and building practices for school corporations, including standards for enhancing health, student safety, accessibility, energy efficiency, operating efficiency, and instructional efficacy;
2. Guidelines concerning minimum acreage, cost per square foot or cost per ADM (as defined in IC 20-18-2-2), technology infrastructure, building materials, per student square footage, and other general space requirements, including space for academics, administration, and staff support, arts education and auditoriums, libraries, cafeterias, athletics and physical education, transportation facilities, and maintenance and repair facilities; and
3. Additional guidelines that the State Board considers necessary for efficient and cost-effective construction of school facilities.

School construction projects included architect fees of about \$90.1 M in CY 2007. Architect fees for construction projects have varied between \$38.8 M and \$90.1 M, about 5% of the project costs.

### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** The Department of Local Government Finance (DLGF) approved school construction projects worth about \$1.7 B during CY 2007. The amount of construction projects annually has varied between \$858 M and \$1.7 B over the last eight years. Of the \$1.7 B, \$90.1 M was budgeted for architect fees on the construction projects. Architect fees for construction projects have varied between \$38.8 M and \$90.1 M, about 5% of the project costs. When DOE has developed the standardized plans, local school corporation architect fees for construction of new school facilities should diminish significantly.

Schools that choose not to use the standardized plans and specifications for construction, alteration, and repair of school buildings, athletic facilities, and other facilities could incur some additional expenses with developing their plans and appealing to the Board

**Background:** Prior to July 1, 2008, school construction projects were approved by DLGF. Since July 1, 2008, voters in the local community make the final determination regarding approval of school construction projects. DLGF is no longer required to approve construction projects. If community members do not object to the proposed project or they do not file enough signatures on a petition to initiate a referendum or petition and remonstrance process, the school district can move forward with its construction project. If 100 or more registered voters or property owners sign a petition opposing a school construction project, the project is subject to either the petition and remonstrance process or the referendum process. Elementary and middle school construction projects are subject to the referendum process if the projected cost is more than \$10 M, and high school construction projects are subject to the referendum process if the projected cost is more than \$20 M. Construction projects with projected costs less than these thresholds but greater than \$2 M will be subject to the petition and remonstrance process. In either process, if a majority of the participating individuals are in favor of the project, the district may proceed with the construction process.

### **Explanation of Local Revenues:**

**State Agencies Affected:** State Board of Education.

**Local Agencies Affected:** Local schools.

**Information Sources:** DLGF.

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